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**UNITED STATES DISTRICT COURT**

**FOR THE NORTHERN DISTRICT OF CALIFORNIA**

**SAN JOSE DIVISION**

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| In re<br><br>ACACIA MEDIA TECHNOLOGIES CORPORATION | Case No. 05 CV 01114 JW<br>MDL No. 1665<br><br>**PLAINTIFF ACACIA MEDIA TECHNOLOGIES CORPORATION'S POST-HEARING REPLY RE MOTION FOR RECONSIDERATION AND CLARIFICATION OF THE JULY 12, 2004 MARKMAN ORDER RE EXCLUSION OF HEARSAY EXPERT DECLARATIONS OF DR. LIPPMAN**<br><br>**DATE:** September 8-9, 2005<br>**TIME:** 9:00 a.m.<br>**CTRM:** Hon. James Ware |

Dockets.Justia.com

TABLE OF CONTENTS

(Page)

I. INTRODUCTION .......... 1

II. THE COURT SHOULD EXCLUDE DR. LIPPMAN'S DECLARATIONS OR, IN THE ALTERNATIVE, SHOULD GIVE THEM NO WEIGHT .......... 1

A. Dr. Lippman's Declarations Are Inadmissible Hearsay Documents .......... 1

B. If Admitted, the Court Should Give No Weight to Dr. Lippman's Opinions Regarding "Sequence Encoder" and "Identification Encoder" .......... 2

1. Dr. Lippman Did Not Write His Report .......... 2

2. On the Issue of the Meaning of Claim Terms to One of Ordinary Skill in the Art, Dr. Lippman Admitted That He Did Not Consider Foundational Facts Necessary to Competently Testify on Those Issues .......... 3

3. Dr. Lippman is Manifestly Biased, Since He Co-Founded and Raises Money for the MIT Communications Futures Program, and Defendant Comcast is an Industrial Sponsor of the Program, Providing 25% of the Yearly Industrial Sponsor Contribution to His Program .......... 4

4. Dr. Lippman's Declaration Opinion That One of Ordinary Skill in the Art Would Not Understand the Terms Sequence Encoder or Identification Encoder Because These Are Not Terms of Art is Contradicted By Dr. Lippman's Use of the Term "Data Encoder," Which is Neither a Term of Art Nor Defined in the Specification in His Own U.S. Patent No. 5,003,377 .......... 6

5. Dr. Lippman's Opinions Are Conclusory and Unsupported .......... 6

6. Dr. Lippman's Opinion in his Declaration that the term "Identification Encoder" Cannot Be Understood Because There is no Structure in the Specification is Contrary to Settled Patent Law .......... 7

7. Dr. Lippman's Opinion in his Declaration that the Term "Sequence Encoder" Cannot be Understood because it is not defined in the Specification is Contrary to Settled Patent Law .......... 10

III. CONCLUSION .......... 11

## TABLE OF AUTHORITIES

**(Page)**

**Cases**

*Bancorp Services LLP v. Hartford Life Insurance Co.*, 359 F.3d 1367 (Fed. Cir. 2004) ........ 11

*Network Commerce, Inc. v. Microsoft Corp.*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, *18 (Fed. Cir. 2005) ........ 7, 11

*Personalized Media Communications, LLC v. U.S. International Trade Comm.*, 161 F.3d 696 (Fed. Cir. 1998) ........ 8, 9, 10

*Phillips v. AWH Corp.*, 415 F.3d 1318 (Fed. Cir. 2005) ........ 7

**Statutes**

35 U.S.C. § 112, ¶ 1 ........ 8, 9

35 U.S.C. § 112, ¶ 2 ........ 8, 9

**Rules**

Federal Rules of Civil Procedure, Rule 56(a) ........ 2

## I. INTRODUCTION

Dr. Lippman's hearsay declarations should be given no weight by this Court. The entire purpose of the two day September hearing was for this Court to hear from knowledgeable experts. Defendants failed to produce Dr. Lippman as a live witness at all.

Acacia desires this Court to know the real reasons defendants did not produce an expert witness at this hearing, all of which would have been revealed if Dr. Lippman had been subject to cross-examination. As recounted below and learned by Acacia's counsel at Dr. Lippman's deposition, (1) Dr. Lippman did not write his expert reports—a lawyer for defendant DirecTV did; (2) Dr. Lippman did not consider at all issues most critical to the conclusions expressed in his expert report about the meaning of claim terms; and (3) he is demonstrably biased, since at least one of the defendants in this action, Comcast, materially funds the MIT Communications Futures Program, which Dr. Lippman started and manages.

## II. THE COURT SHOULD EXCLUDE DR. LIPPMAN'S DECLARATIONS OR, IN THE ALTERNATIVE, SHOULD GIVE THEM NO WEIGHT

### A. Dr. Lippman's Declarations Are Inadmissible Hearsay Documents

At the evidentiary hearing, the Court gave defendants the opportunity to present the live expert testimony of their retained expert Dr. Lippman to rebut Dr. Weiss' testimony and to present his opinion as to whether one of ordinary skill in the art would have been able to understand what was meant by the claim terms "sequence encoder" and "identification encoder." Defendants, however, chose not to present Dr.Lippman as a witness at the hearing. Instead, defendants stated that they intended to rely on Dr. Lippman's declarations.[1] (September 9, 2005 Transcript, at 248:9-15.)

Those declarations are, however, hearsay documents and are therefore inadmissible as evidence under Federal Rules of Evidence, Rule 802. "'Hearsay' is a statement, other than one made by the declarant while testifying at the trial *or hearing*, offered in evidence to prove the truth

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[1] Dr. Lippman filed two declarations in this case – one relating to "transceiver," filed with DIRECTV's motion for reconsideration, and one relating to "sequence encoder" and "identification encoder," filed with the oppositions to Acacia's motion for reconsideration.

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of the matter asserted." Rule 801(c) (emphasis added). Dr. Lippman's declarations fall within this definition of hearsay as they are out-of-court statements offered into evidence to prove the truth of Dr. Lippman's opinions and the bases therefore.

There is no exception to the hearsay rule that would permit these declarations to be admissible, especially because Dr. Lippman was available to testify – in fact, Dr. Lippman was in attendance in the courtroom during Mr. Weiss' testimony and was seen in San Jose on the morning of September 9, the day on which he was scheduled to testify.[2]

Acacia did depose Dr. Lippman on August 31, 2005, however, this fact does not mean that the declarations are admissible. Acacia did not have the opportunity to cross-examine Dr. Lippman regarding his opinions at the hearing and the Court did not have an opportunity to hear the cross-examination or ask questions of Dr. Lippman, as the Court did with Mr. Weiss.

### B. If Admitted, the Court Should Give No Weight to Dr. Lippman's Opinions Regarding "Sequence Encoder" and "Identification Encoder"

#### 1. Dr. Lippman Did Not Write His Report

While Mr. Weiss actually authored his expert report that was the foundation of his live testimony, Dr. Lippman did not. Instead, Dr. Lippman over the telephone simply stated points to be made, and a DirecTV attorney prepared the report.

Q You dictated your transceiver report over the telephone to Jones, Day word processors. Is that correct?

A Well, I wouldn't use the word dictate, because I said the words that I wanted used.

Q But you didn't dictate. You mean you explained the points of your report?

A I composed the points. I phrased the points and I stated the points.

Q Now, who was this person you were stating the points to for the purpose of --

---

[2] Defendants cannot contend that Dr. Lippman's declarations are admissible under Federal Rules of Civil Procedure, Rule 56(a), which permits parties to rely on supporting affidavits in connection with summary judgment motions. As the Court made clear at the hearing, the Court was considering claim construction, and was *not* considering a summary judgment motion. Rule 56 is therefore inapplicable to this proceeding.

A I believe it was Charles Wong.
Q And who is Charles Wong?
A The person seated two seats to my right.
Q Do you understand Charles Wong to be a word processor?
A Pardon?
Q Is he a word processor?
A He's mighty good at it.
Q So he's a typist?
A He's mighty good at it. He can do it.
Q Is he also a lawyer?
A I believe he is.
Q I'm just trying to understand what occurred here.
A That's okay.
Q He's a lawyer who you explained the points to, that then typed them down into a report form. Is that how the process worked?
A Substantially, yes.

(Lippman Depo. 14:3-15:7; Block Decl. Ex. 3).

**2. On the Issue of the Meaning of Claim Terms to One of Ordinary Skill in the Art, Dr. Lippman Admitted That He Did Not Consider Foundational Facts Necessary to Competently Testify on Those Issues**

In his expert report, Dr. Lippman stated in Paragraph 15 that he was asked to provide expert testimony on a number of issues including "what, if any, meaning 'sequence encoder' would have had to a person of ordinary skill in the art in 1991 based on its use in the '702 patent." To provide a competent expert opinion on that issue obviously requires an expert to consider and determine the following two sub-issues:

(a) Would the term "sequence encoder" have had a meaning at all to a person of ordinary skill in the art in 1991 based on its use in the '702 patent; and

(b) If it had any meaning, what would that meaning be?

Dr. Lippman admitted at his deposition (which followed the preparation of his reports by DirecTV's attorneys) that he had never even considered the first sub-issue—whether the term "sequence encoder" had meaning at all to a person of ordinary skill in the art in 1991 based on its use in the '702 patent.

Q On paragraph 67 of your declaration you say, "The term 'sequence encoder' does not appear in the specification of the '702 patent. Because the term 'sequence encoder' has no ordinary meaning, and the term is not defined in the specification, a person of ordinary skill in the art cannot understand what is meant by a sequence encoder."

Would you agree with the statement that is identical to your paragraph 67, but which included the words "at all" after the word "understand"?

A "A person of ordinary skill cannot understand at all what is meant by a sequence encoder"?

Q Would you agree with that statement?

A. That's a good question. I would have to think about that. This is similar to the kind of question you asked me before, where it said would it provide no insight. I'm not sure. I would have to think about it.

(Lippman Depo, 96:15-97:10; Block Decl. Ex. 3).

**3. Dr. Lippman is Manifestly Biased, Since He Co-Founded and Raises Money for the MIT Communications Futures Program, and Defendant Comcast is an Industrial Sponsor of the Program, Providing 25% of the Yearly Industrial Sponsor Contribution to His Program**

Q The MIT Communications Futures Program, you're actively involved in that, correct?

A I certainly am.

Q Did you co-found that?

A Yes.

Q Are you involved with the process of raising money for that program?

A Yes.

Q And I understand from your declaration that the budget for that program is funded in part by Cambridge.

Q MIT Institute and also by industrial sponsors. Is that correct?

A That's correct.

Q And is part of your job to actually go to potential industrial sponsors and ask for money?

A I ask them to join the program. I encourage them to join the program.

Q And if they join the program, is there a certain amount they customarily pay to join?

A Yes.

Q How much is that per year?

A It depends on the style of membership, but generally either $100,000 per year or $200,000 per year.

Q Who is the person principally responsible for soliciting those funds? Is that you?

A For soliciting -- you mean for approaching companies and asking them to join the program?

Q Yes.

A We prefer to use the phrase "join the program" as opposed to saying "solicit funds."

Q All right.

A There are four people who are what you would call the principals who would be principally charged with that, and I am certainly one of them.

Q Now, are you familiar with the yearly budget of the program?

A Yes.

Q What is the yearly budget of the program?

A When I say that I don't budget it by year, because there is -- it's not like a contract that has to wind down and spend exactly so much money per year. In other words, the amount of money that the program has for its research can be extended.

Q It's not exactly yearly --

A My point is to make the budget income exceed the outflow. The burn rate has to be less than what we expect to have for the length that we want to run it.

On the order of $2 million a year. A little less. Sometimes that number is a mix of what we hope to sign as sponsors --

Q Of that approximate $2 million a year, what percentage of that comes from the Cambridge MIT Institute and what percentage from sponsors, roughly?

A Well, it's about $700,000, $800,000 from the industrial sponsors for this year. On the order of that, plus a little from CMI, Cambridge MIT Institute.

Q Are there any sponsorships less than $100,000 per year? Is that the minimum?

A If you join the program you either join it as an affiliate for $100,000, or you are joining it as a full sponsor for $200,000. If you are a sponsor of the MIT media laboratory, then you are adding it to essentially your support of our programs, so that increment would be $100,000. I could allow a company in for nothing if I wanted, if I wanted their presence. But there are currently no supporting industrial sponsors of the program who have signed a contract for less than $100,000.

Q Can you tell me who the current industrial sponsors are?

A Well, there is Samsung, Motorola, ***Comcast***.

(Lippman Depo., 73:15-76:10; Block Decl. Ex. 3; emphasis added).

**4. Dr. Lippman's Declaration Opinion That One of Ordinary Skill in the Art Would Not Understand the Terms Sequence Encoder or Identification Encoder Because These Are Not Terms of Art is Contradicted By Dr. Lippman's Use of the Term "Data Encoder," Which is Neither a Term of Art Nor Defined in the Specification in His Own U.S. Patent No. 5,003,377**

Dr. Andrew Lippman is a named inventor on U.S. Patent No. 5,003,377, a copy of which is attached as Exhibit 1. The '377 patent describes methods and systems for adding additional information to broadcast motion picture signals. In the '377 patent specification, Dr. Lippman in the text at Col. 3, line 36 and in Figure 2 uses the term "data encoder." That term, Dr. Lippman admitted in his deposition has no ordinary meaning. Nevertheless, that term is the structure described in the specification that supports the means-plus-function claim 11. If, as Dr. Lippman stated in his attorney prepared report, a term used in a patent having no ordinary meaning is indefinite and cannot be understood, his '377 patent would be invalid.

**5. Dr. Lippman's Opinions Are Conclusory and Unsupported**

In *Phillips*, the Federal Circuit discussed the uses of expert extrinsic evidence when construing claim terms and stated that "conclusory, unsupported assertions by experts as to the

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definition of a claim term are not useful to a court." *Phillips v. AWH Corp.*, 415 F.3d 1318, 1303 (Fed. Cir. 2005). The Federal Circuit in *Network Commerce* held that an expert's opinion as to the meaning of a claim term in which the expert did nothing more than quote from the patent specification and state his understanding as to what he understood from these passages was conclusory and not supported and therefore not useful to the court. *Network Commerce, Inc. v. Microsoft Corp.*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, *18 (Fed. Cir. 2005). Specifically, the court held that the expert "[did] not support his conclusion with any references to industry publications or other independent sources." *Id.* at *19.

In this case, like *Network Commerce*, Dr. Lippman's opinions set forth in his declaration are conclusory and unsupported. In his declaration, Dr. Lippman provides his opinion that "a person of ordinary skill in the art cannot reasonably understand the scope of [identification encoder]." (Lippman Decl., ¶ 34). In reaching this opinion, Dr. Lippman has done nothing more than read the claims and the specification and state his understanding of what was stated in the patent. (*See* Lippman Decl., ¶¶ 27-33). Dr. Lippman also provides the opinion that "[b]ecause the term 'sequence encoder' has no ordinary meaning, and the term is not defined in the specification, a person of ordinary skill in the art cannot understand what is meant by a sequence encoder." (Lippman Decl., ¶ 67).

Like the expert in the *Network Commerce* case, Dr. Lippman provides no independent support for his opinion, such as reference to industry publications or other independent sources. Dr. Lippman's unsupported, conclusory opinions expressed in his hearsay declarations are therefore not useful to the Court and they should be excluded.

**6. Dr. Lippman's Opinion in his Declaration that the term "Identification Encoder" Cannot Be Understood Because There is no Structure in the Specification is Contrary to Settled Patent Law**

Dr. Lippman provides the opinion that a person of ordinary skill in the art cannot reasonably understand the scope of the term "identification encoder," because the specification of the '702 patent does not describe any *structure* for the "identification encoder:"

> 29. The fact that different functions are ascribed to a particular device in a patent may not be troubling if that device has an ordinary meaning *or if its structure is otherwise defined by the patentee*. Here,

however, an "identification encoder" has no ordinary meaning, and as will be discussed below, *its **structure** is not defined in the patent specification*.

* * *

32. While the specification contemplates numerous functions that the "identification encoder" performs, *it provides no guidance to the **structure** of the "identification encoder."* Stated another way, the specification fails to tell *how* it encodes any of this information or what apparatus is engaged in doing it. . . . Given that "identification encoder" has no common meaning, the wide range of functions ascribed to it *begs for a detailed disclosure of an exemplary **structure*** to give guidance as to what the "identification encoder" may be.

* * *

34. In sum, the term "identification encoder" has no ordinary meaning, *the '702 patent does not describe any **structure*** for the "identification encoder." It is a "catch-all" black box. I conclude therefore that the term "identification encoder" as used in the '702 patent is ambiguous and a person of ordinary skill in the art cannot reasonably understand the scope of this term.

(Lippman Decl., ¶¶ 29 and 34; emphasis added).

In *Personalized Media Communications, LLC v. U.S. International Trade Comm.*, 161 F.3d 696, 706-07 (Fed. Cir. 1998), the Federal Circuit held that expert testimony regarding an alleged lack of structure in a patent specification is *irrelevant* to claim indefiniteness under 35 U.S.C. § 112, ¶ 2[3]. Such testimony is relevant, if at all, only to the issue of enablement under 35 U.S.C. § 112, ¶ 1.[4]

In *Personalized Media*, the court held that the claim term "digital detector" was not indefinite, even though the specification did not describe the structure of the "digital detector." The court held that the written description gave an explicit definition for the "digital detector" and this was sufficient to make the term definite:

We agree with PMC and conclude that the Commission erred in

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[3] Section 112, ¶ 2 relates to the patent claims and requires that the specification conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

[4] Section 112, ¶ 1 relates to the patent specification and requires that the patentee provide in the patent specification the manner and process of making and using the invention in such full, clear, concise, and exact terms as to enable any person skilled in the art to make and use the invention.

> holding the asserted claims to be indefinite. Here, the written description of the specification is sufficient to inform one skilled in the art of the meaning of the claim language "digital detector." It explicitly defines a "digital detector" as a device that "acts to detect the digital signal information" in another stream of information.

*Personalized Media*, 161 F.3d at 705-06.

The Federal Circuit also addressed the fact that the specification was silent as to the structure of the "digital detector," however, the Federal Circuit held that the lack of structure in the specification is *irrelevant* to the issue of claim indefiniteness. Such evidence is relevant, if at all, to the issue of enablement:

> The Commission makes much of the fact that the specification is otherwise silent concerning the structure of a "digital detector," and it notes that the 'digital detector' of the circuit diagrams do not reveal circuit elements constituting such a device, but only portray these devices as mere functional blocks. See, e.g., '277 patent, Fig 2A. Moreover, the Commission relies on expert testimony stating generally that a "digital detector" was not adequately disclosed in the patent and could not be built by those of ordinary skill. . . . We conclude that the evidence relied upon by the Commission does not indicate imprecision of the claims. Instead, it is relevant, if at all, only to the sufficiency of the written description to enable the practice of the invention of the claims, which is a ground of invalidity under § 112, ¶ 1. . . . In any event, citation of evidence bearing solely on § 112, ¶ 1 infirmities does not aid the Commission in supporting the ALJ's indefiniteness holding under § 112, ¶ 2, and this holding is therefore reversed.

*Personalized Media*, 161 F.3d at 706-07.

Dr. Lippman's opinion regarding the meaning of the term "identification encoder" is based exclusively on the fact that the term "identification encoder" has no ordinary meaning and on his opinion that the '702 patent does not describe any structure for the "identification encoder."[5] (Lippman Decl., ¶ 34). Pursuant to *Personalized Media*, however, the fact that the specification may not disclose structure for the "identification encoder" is *irrelevant* to the issue of claim definiteness. *Personalized Media*, 161 F.3d at 705-07. Here, just as in *Personalized Media*, the patent specification explicitly defines the "identification encoder" as a device that assigns items a unique identification code: "Prior to being made accessible to a user of the transmission and receiving system of the present invention, the item must be stored in at least one compressed data library 118, and given a unique identification code by identification encoder 112." and "The processing performed in step 413 preferably includes assigning a unique identification code to the retrieved information performed by identification encoder 112, shown and described with respect to FIG. 2a (step 413a)."[6] ('702 patent, 6:31-35; 18:11-15).

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[5] At his deposition, however, Dr. Lippman agreed that if one of ordinary skill in the art could determine the input, function, and output for a particular encoder, that person will know how a given encoder is supposed to work (if they also know where the output is directed.) (Lippman Depo., 70:8-17). Dr. Lippman also agreed that a person of ordinary skill in the art would be capable of building an identification encoder if the input, function (transformation), and output is disclosed: "If the input, the transformation and the output [for an identification encoder] were described [to a person of ordinary skill in the art], I suppose depending on the complexity of the encoder, they may or may not, but ion general often one would hope, yes." (Lippman Depo., 71:13-25).

The Court should therefore give no weight to Dr. Lippman's opinion with respect to "identification encoder," because Dr. Lippman relies on an alleged lack of structure in the specification, but an alleged lack of structure in the specification is irrelevant to the issue of claim definiteness.

**7. Dr. Lippman's Opinion in his Declaration that the Term "Sequence Encoder" Cannot be Understood because it is not defined in the Specification is Contrary to Settled Patent Law**

In his declaration, Dr. Lippman provides his opinion that a person of ordinary skill in the art could not understand what is meant by the term "sequence encoder" because the term is not defined in the specification:

> 67. The term "sequence encoder" does not appear in the specification of the '702 patent. Because the term "sequence encoder" has no ordinary meaning, and the term is not defined in the specification, a person of ordinary skill in the art cannot understand what is meant by a sequence encoder.

(Lippman Decl., ¶ 67).

Dr. Lippman has merely inferred, solely from the fact that the term "sequence encoder" is not defined or referred to in the specification, that a person of ordinary skill in the art could not understand what is meant by a sequence encoder. Dr. Lippman's inference is contrary to Federal Circuit law, which holds that "[t]he failure to define the term is, of course, not fatal, for if the meaning of the term is fairly inferable from the patent, an express definition is not necessary." *Bancorp Services LLP v. Hartford Life Insurance Co.*, 359 F.3d 1367, 1372 (Fed. Cir. 2004). *See also*, *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *15.

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[6] In this case, Mr. Weiss explained that the person of ordinary skill in the art in 1991 could have made and used the identification encoder of the '702 patent without undue experimentation. (Weiss, Sept. 8, 2005, at 144:14 – 146:9).

## III. CONCLUSION

For the reasons discussed above, the Court should exclude the hearsay expert declarations of Dr. Andrew Lippman, or in the alternative, give them no weight.

DATED: September 28, 2005

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